



HB 316, HB 375, AND STATUTORY APPROPRIATIONS

OTHER STATE SPECIAL FUNDS

In order to make the best decisions possible, leadership has asked you to look at everything. These bills are a key part of looking at everything.

Some examples of how the changes in these bills can impact spending:

Simple structure

1. Nursing Home Bed Tax

Medium complexity

2. Alcohol Tax

Complicated

3. Oil and gas allocation page 123 of the Revenue book

As you hear these bills in subcommittee staff will be available to explain how each source works and how the bills affect each fund.

Making the pieces fit

It is assumed that the Section A through E committees will make the key budget policy decisions about which reductions they can make and if they cannot make a reduction in a particular fund, what the subcommittee might suggest in return. These recommendations need to be coordinated with Section F subcommittee.

Health and Medicaid Initiatives Account will need to be coordinated between sections A and B. Other smaller funds, like the Coal Shared account will need to be coordinated between Sections A through E.

More Rocks: Other State Special and Proprietary funds

While these bills help you look at a many items, there are still items that may need looking at in your subcommittees.

Ways of reducing general fund spending or increasing general fund revenue:

There are a few ways to improve general fund balance:

1. **Reduce General Fund Spending:** You can reduce general fund spending by switching spending or the funding of expenditures from general fund to a state special fund. An example of this would be reducing the state special funding for the MTAP program, and use the funding that is freed up to offset spending that would otherwise be funded with general fund. In some cases statute may need to be modified in order to make this work.

Transfer of fund balance proprietary and state special: There are some proprietary and state special funds that automatically transfer excess fund balance to the general fund. A reduction in spending in these funds will automatically increase the general fund revenue. Your Fiscal Analysts will be able to help you in each section subcommittee.

2. **Increase General Fund Revenue:** Alternatively, the subcommittee could choose to shift the revenue from the state special fund in to the general fund in one of two ways. Both ways would take a change in statute in either in a companion bill, HB 316, HB 375, or other legislation:
 - a. Transfer revenue from the state special fund to the general fund
 - b. Reallocate funding from the state special fund to the general fund

In both of these scenarios, the state special spending would need to be reduced in HB 2 in order to keep the fund in balance.

Your subcommittee Fiscal Analysts can give you more specific information about your choices for individual funds.

Caution about ongoing versus One-time only

Leadership has expressed concern about structural balance. In all of these cases, if you make the change in funding or revenue shift on a temporary basis, it will not improve structural balance.

Four year rule: Do you want to have the rule that a savings can be considered ongoing if the fund will not go negative for four years or more?

Five percent plans

Many of the state special 5% plan reductions already adopted by subcommittees would be a place to look for places to offset general fund spending. Did this reduction free up state special revenue that can either be used for general fund expenses or can the revenue be directed to the general fund?